



LGST 230X: SOCIAL IMPACT AND RESPONSIBILITY: FOUNDATIONS

SPRING SEMESTER 2011

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Office Hours: Wed. 3.30-5.00pm

Meeting times: Tues. & Thurs. 1.30-3.00pm
Meeting place: JMHH 265

OVERVIEW

What role can business play in helping to meet global societal needs, whether it involves protecting the environment, improving health, or eradicating poverty? Is there any responsibility on the part of business to help meet those needs? In many cases, business can help to address important societal challenges profitably. Consider the success of for-profit microfinance institutions in providing credit to individuals who otherwise would not be served by regular banks. In other cases, it seems there are limits to the potential for business enterprises and business thinking to address societal needs. In these cases, if business enterprises are to help address societal needs, their form and mission may need to be modified.

This course provides students the opportunity to engage in the critical analysis of these and other issues that lie at the foundation of social impact and responsibility as an area of study. The course is designed to help students address the question: *“How should business enterprises and business thinking be engaged to improve society in areas not always associated with business?”*

COURSE OUTLINE AND CONTENT

After the overview in Section A, Section B begins by developing frameworks to define, evaluate and measure societal improvement. Section C examines the adaptation of business thinking to address societal needs traditionally met by nonprofit entities. This section includes studying the application of two key concepts from business: sustainability and efficiency. Section D examines ways in which for-profit business enterprises have been engaged to improve society further without fundamentally altering the basic business model. Topics in this section include corporate philanthropy, corporate social responsibility, and business-non-profit partnerships. Section E analyzes the provision of goods and services to individuals not currently served by the market and the use of the market to provide goods and services traditionally provided for by non-business entities. Topics in this section include “bottom of the pyramid” marketing strategies, microfinance, and for-profit education. Section F involves the study of business enterprises guided explicitly by a social mission as well as the profit-motive. Topics in this section include conceptions of social enterprises, the nature of social entrepreneurship, and the question of what, if anything, distinguishes these business enterprises from for-profit business enterprises as traditionally understood. Section G considers investment and philanthropy from the perspective of social impact and responsibility.

The course involves analyzing successful strategies for positive social impact as well as broader framework questions about the area: How should this area be defined? What counts as positive social impact? How large is this area and what is its potential? To this end, the course is designed to be multidisciplinary and interactive. Examples are drawn from a range of areas, including the environment, education, health, economic development, microfinance, human rights, and community engagement. In addition to case analyses and theoretical readings, the course involves guest lecturers from leading social impact organizations.

TARGET AUDIENCE

The course is designed to meet the interests of a wide range of students, including those who seek to pursue careers in social impact and those interested in learning more about a quickly growing and increasingly visible area of business. The course also is designed for students whose primary interest is not necessarily business but are interested to learn how the application of business thinking can address challenges in their area of interest, such as education or health. The course is required for students pursuing the Secondary Concentration in Social Impact and Responsibility. No prior background is assumed and there are no prerequisites.

TEXT AND MATERIALS

All materials will be available on either Study.net (<https://study.net>) or webCafé (<http://webcafe.wharton.upenn.edu/lgst/>).

GUEST SPEAKERS

Periodically, guest speakers will be invited to address the topics being addressed in class. Whenever possible, opportunities will be arranged for students to interact with speakers outside of class. The order and content of topics in the syllabus are open to change depending on the availability of guest speakers.

GRADING AND LOGISTICS

The grade in the course is based on the following components.

Class Participation (20%)

The course is intended to allow students to develop the analytic skills and substantive framework to address challenges as they arise in business. Many of these challenges will involve justifying one's position to those in disagreement. To this end, the course emphasizes articulating reasoned arguments. Class participation is an integral component of this emphasis. Accordingly, absences for no good reason will count against one's grade.

Lipman Family Prize: Defining and Measuring Social Impact (20%)

The Lipman Family Prize at the University of Pennsylvania is an annual global prize that will recognize and amplify the work of an organization devoted to positive social impact and creating sustainable solutions to significant social and economic problems. The first prize (\$100,000) will be awarded in 2011. This assignment provides students an opportunity to play a role in helping to establish the criteria for the prize.

Midterm Exam (25%)

The midterm exam will focus on the readings.

Analysis of Potential for Social Impact: Four Themes (35%)

Over the course of the semester, students are to choose a societal need and to evaluate the potential and appropriateness for the need to be met through a business-based approach. Examples of business-based approaches include harnessing existing business enterprises, starting a new business enterprise, government policies to encourage business involvement, and applying business skills and thinking to non-business organizations. The specific societal need is to be chosen from within one of four areas selected especially for the course: *economic development*, *education*, *environment*, and *health*.

CLASSROOM ETIQUETTE

To avoid disruption, electronic devices must be turned off prior to class.

CONTACTING ME

Should you have any questions or concerns about the class, please do not hesitate to see me. No appointment is needed to meet during office hours. They are on a walk-in basis, so you should feel free to drop by. If you are not able to meet during office hours, please email me to arrange an alternative meeting time.

READING LIST AND CALENDAR

Readings are open to modification in order to accommodate the interests and flow of the class.
 “S” = material available through Study.net. All other materials available through webCafé.

A. INTRODUCTION	
Th. Jan. 13	1. Overview of Themes, Questions, and Approaches
B. DEFINING AND MEASURING SOCIAL IMPACT	
Tues. Jan. 18	2. Impact Outside the Market John C. Sawhill and David Williamson, “Mission Impossible?: Measuring Success in Nonprofit Organizations,” <i>Nonprofit Management and Leadership</i> 11 (2001): 371-386. Lisa Newton, “Eight Perceptions of the Natural World,” in <i>Business Ethics and the Natural Environment</i> (Oxford: Blackwell Publishing, 2005): 84-93. S
Th. Jan. 20	3. Measuring Impact Terrence Lim, <i>Measuring the Value of Corporate Philanthropy</i> (New York: Committee Encouraging Corporate Philanthropy, 2010): 5-17.
Tues. Jan. 25	4. Defining Impact: Freedom Human Development Index Amartya Sen, “Introduction,” in <i>Development as Freedom</i> (New York: Alfred A. Knopf, 1999). S
Th. Jan. 27	5. Defining Impact: Well-Being Ceri Phillips, “What Is a QALY?” (Hayward Medical Communications, 2009). Daniel M. Hausman and Michael S. McPherson, <i>Economic Analysis, Moral Philosophy, and Public Policy</i> (Cambridge: Cambridge University Press, 2006): chapter 8. S
C. NONPROFITS	
Tues. Feb. 1	6. Innovation and Change Case: Teach for America 2005 (HBS Case: 9-406-125) S

Th. Feb. 3	7. The Role of Nonprofits Thomas Wolf, “Understanding Nonprofit Organizations,” in <i>Managing a Nonprofit Organization in the Twenty-First Century</i> , 3 rd ed. (Free Press: 1999): chapter 1. S Rob Reich, Lacey Dorn, and Stefanie Sutton, <i>Anything Goes: Approval of Nonprofit Status by the IRS</i> (Stanford University Center on Philanthropy and Civil Society, 2009).
Tues. Feb. 8	8. Financial Sustainability William Foster and Jeffrey Bradach, “Should Nonprofits Seek Profits?” <i>Harvard Business Review</i> (February 2005): 92-100. Burton A. Weisbrod, “The Pitfalls of Profits,” <i>Stanford Social Innovation Review</i> (Winter 2004): 40-47.
Th. Feb. 10	Exam
Tues. Feb. 15	Exam Review
D. CORPORATE PHILANTHROPY AND RESPONSIBILITY	
Th. Feb. 17	9. Business-Nonprofit Sponsorship and Partnership Case: Timberland: Commerce and Justice (HBS Case: 9-305-002) S Matthew Berglind and Cheryl Nakata, “Cause-Related Marketing: More Buck than Bang?” <i>Business Horizons</i> 48 (2005): 443-453. Shirley Sagawa and Eli Segal, <i>Common Interest, Common Good: Creating Value Through Business and Social Sector Partnerships</i> (Boston: Harvard Business School Publishing, 1999): 13-26. S
Tues. Feb. 22	10. The Business Case Terrence Lim, <i>Measuring the Value of Corporate Philanthropy</i> (New York: Committee Encouraging Corporate Philanthropy, 2010): 28-51.
Th. Feb. 24	11. Corporate Social Responsibility Case: HIV/AIDS in Africa Domènec Melé, “Corporate Social Responsibility Theories,” in Andrew Crane, Abigail McWilliams, Dirk Matten, Jeremy Moon and Donald Siegel, <i>The Oxford Handbook of Corporate Social Responsibility</i> (Oxford: Oxford University Press, 2008): 55-82. S Thomas Dunfee, “Do Firms with Unique Competencies for Rescuing Victims of Human Catastrophes Have Special Obligations?” <i>Business Ethics Quarterly</i> 16 (2006): 185-210.
Tues. March 1	Project
Th. March 3	Project

Tues. March 5	Spring Break
Th. March 7	Spring Break
E. MARKET EXTENSION	
Tues. March 15	12. Bottom of the Pyramid Strategies Cases: Casas Bahia and Hindustan Unilever S C.K. Prahalad, <i>The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits</i> , 5 th Anniversary Edition (Upper Saddle River: Wharton School Publishing, 2009): 3-52. S Aneel Karnani, "The Mirage of Marketing to the Bottom of the Pyramid," <i>California Management Review</i> (Summer 2007): 90-111.
Th. March 17	13. Microfinance Case: SKS Microfinance S Beatriz Armendáriz and Jonathan Morduch, <i>The Economics of Microfinance</i> (Cambridge: MIT, 2007): chapter 1, chapter 2(25-35), chapter 9. S
Tues. March 22	14. Education Case: University of Phoenix
Th. March 24	15. Limits of the Market Elizabeth Anderson, "The Ethical Limits of the Market," in <i>Value in Ethics and Economics</i> (Cambridge: Harvard University Press, 1993): chapter 7. S
Tues. March 29	16. The Role of Public Policy Case: Oportunidades and Bolsa Familia
F. SOCIAL ENTERPRISE AND SOCIAL ENTREPRENEURSHIP	
Th. March 31	17. Business with a Social Mission Case: Ben & Jerry's: Preserving Mission & Brand Within Unilever (HBS Case: 306037) S Case: B-Corp
Tues. April 5	18. Aligning Mission and Growth Case: ADOPEM

Th. April 7	19. Social Entrepreneurship David Bornstein, <i>How to Change the World: Social Entrepreneurs and the Power of Their Ideas</i> (Oxford University Press: 2004). S J. Gregory Dees, “The Meaning of ‘Social Entrepreneurship’” (working paper 2001). J. Gregory Dees, “Social Entrepreneurship is About Innovation and Impact, Not Income,” <i>Social Edge</i> (September 2003).
G. INVESTORS AND DONORS	
Tues. April 12	20. Measuring Return Terrence Lim, <i>Measuring the Value of Corporate Philanthropy</i> (New York: Committee Encouraging Corporate Philanthropy, 2010): 18-27.
Th. April 14	21. Venture Philanthropy Case: Acumen Fund and REDF S
Tues. April 19	22. Socially Responsible Investing Case: Norway and Wal-Mart S Terrence Lim, <i>Measuring the Value of Corporate Philanthropy</i> (New York: Committee Encouraging Corporate Philanthropy, 2010): 52-63.
Th. April 21	23. The Role of Philanthropy Kenneth Prewitt, Mattei Dogan, Steven Heydemann, and Stefan Toepler, eds., <i>The Legitimacy of Philanthropic Foundations: United States and European Perspectives</i> (Russell Sage, 2006). S Rob Reich, “Toward a Political Theory of Philanthropy,” forthcoming in <i>Giving Well: The Ethics of Philanthropy</i> , Patricia Illingworth, Thomas Pogge, Leif Wenar, eds. (Oxford University Press, 2010).
H. CONCLUSION	
Tues. April 26	24. Moving forward